

Federal Bureau of Investigation
United States Department of Justice

EJC:NB

New York, N.Y.

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OTHERWISE

~~SECRET~~

Classified by ~~2010/03/13~~
Declassify on: ~~2010/03/13~~

~~CONFIDENTIAL~~

PERSONAL AND CONFIDENTIAL

August 14, 1941

Director
Federal Bureau of Investigation
Washington, D. C.

RE: COORDINATION OF INFORMATION AS
BETWEEN THE NEW YORK OFFICE AND

NEW YORK CITY

Dear Sir:

Through the cooperation of the Immigration & Naturalization Service and the U. S. Customs Service, New York City, from day to day when various boats arrive, we make a check of suspects who have come to our attention from various sources. We check thoroughly the identity of the person arriving, make searches of his baggage, as arranged with the U. S. Customs, and other inquiry to determine any and all possible information as to the person concerned. Based upon the information which we previously had as to this individual and the information which we develop, various investigations are then pursued if the person looks like a likely suspect as being engaged in any subversive activity and particularly espionage.

As the Bureau is aware, considerable information in the past has been furnished to us as to suspects which had been developed by [redacted] as a result of the activities of [redacted] in the handling of the matter at New York, we of course have stops against these individuals with the Immigration & Naturalization Service and the Customs Service, in addition to making our usual check. This check involves both persons arriving via steamship lines at the Port of New York as well as the clipper ships.

With this thought in mind, and in order to possibly improve the handling of this situation, and particularly

This sounds O.K. to me.

8/16/41
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Director

~~CONFIDENTIAL~~ August 14, 1941

to make available to us any and all possible suspects who should be checked, upon their arrival in this country, by the Bureau, Special Agent H. G. Foster, who has been handling the checks on the boats with other personnel, together with Special Agent J. F. Gerdis, discussed the general possibilities as to the matter of information with [redacted]

b7D

[redacted] New York City. (X)(S)

The attention of [redacted] was called to the difficulty of covering many situations wherein the information which was available to them does not reach us until after the person has actually arrived in the United States. As a result of this conference, the following general plan for cooperation was outlined, based upon the suggestions received from [redacted] and the difficulties we were having in covering all persons who should be covered. It is to be noted that at one time there was considered the possibility of interviewing and checking each individual who arrived on these various boats, particularly from European ports, and the difficulties as to this were previously set out for the information of the Bureau. The plan hereinafter outlined is in pursuit of a plan whereby we can effectively cover this by a selective arrangement rather than an indiscriminate check of any and all individuals who from day to day arrive by the various means above indicated. (X)(S)

b7D

[redacted] is the control point for all information pertaining to the Western Hemisphere; that as a result of this they receive information from all parts of the world as developed by [redacted] concerning people who are en route to the United States or who have indicated an intention of coming to the United States, who might after arrival here be engaged in some subversive activity against the interests of [redacted] and also of the U. S. Government, when and if they arrive in this country. [redacted] indicated that there is presently considerable information available as to numerous persons in his files here at New York, obtained in the manner above indicated. (X)(S)

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With the thought in mind of further increasing the possibilities of the information which will be available (S)

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August 14, 1941

to him, [] has stated he will communicate with [] in order that their representatives in Europe will furnish to him complete and full information as to any and all persons who may arrive in the United States at some future date or who are now arranging to proceed to the United States. He has indicated that he will make the information as to all of these individuals available to us. This would of course allow for our making a stop card as against each of these individuals for action when and if they arrive in the United States. [] indicates that he also prepares stop cards as against these various individuals in order that should they come to his attention in the United States he will know of his prior information concerning them. (S) (S)

b7D

It was indicated to [] that we would be particularly desirous of knowing as to any activity they might take as toward any of these types of persons. His attention was called specifically to the fact that apparently [] had conducted some investigation from time to time in matters which had crossed with the investigative inquiry of the Bureau. These situations have previously been the subject of letters to the Bureau. (S) (S)

b7D

[] In order to make this plan of action effective, it will of course be necessary for us to have available at the earliest possible date information as to the persons appearing on the passenger lists of boats destined to the United States, as well as a list of the clipper passengers. The thought as to this would be that we would be able to check these various lists with [] to make certain that he had furnished us any and all information he might have as to any of these individuals before they arrived in the United States. This of course would make it possible for us to plan accordingly as to the necessary check and search to be made upon arrival. (S) It would also allow for us to take suitable action by reference to the State Department and the Immigration & Naturalization Service in order to advise them of individuals who possibly should not be admitted for entry. Some of these possibly could be stopped at the originating point by the refusal of a visa or, having arrived here, they then could be denied entry. These situations, of course, would probably necessitate contact with the State Department and the Immigration & Naturalization Service as to each par-

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August 14, 1941

particular subject. [] This action would depend, of course, upon the nature and completeness of the information which was then available to us. ~~(S)~~

[] indicated that in order to make this plan operative, he would initiate various operations herein-after stated. [] indicated that he would arrange for the receipt of lists of all passengers arriving on various steamships at New York City and other ports; that he would arrange to have these lists forwarded from such points as Spain and Portugal immediately the final list of passengers has been arrived at and as were departing upon the particular boat. He indicated he would arrange to have these passenger lists forwarded to him by airmail. This would provide for the receipt of the passenger lists some days ahead of the arrival of the boat itself in the United States. Immediately these lists were available to him in the United States, he would check them against his records and then furnish us with the list as well as information as to any individuals listed thereon as to which he had not already furnished us the detailed information available in his file. This would make possible our usual check and investigative activity as to the persons listed who warranted such check. ~~(X)(S)~~

b7D

[] indicated that the passenger lists which he will have forwarded to him airmail will include any passengers being carried on freight or cargo ships from Europe to the United States. It is noted that these freight ships frequently proceed to ports other than New York City. We would of course check these names against our information and the information from [] and when such ship was arriving at a port other than New York City, we would arrange for the particular office covering that port to make the same type of check we make as to suspects arriving in the United States. ~~(X)(S)~~

b7D

In this same connection [] stated that many of the Spanish Line ships which arrive at New York City, prior to arrival discharge passengers at Havana, Cuba. These passengers usually await a visa for entry into the United States, and some general plan will be worked out whereby the Miami Office can make the usual check upon these ~~(S)~~

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people if they enter any port in Florida, that is, wherein we have information indicating that they are suspects who should be checked. (S)

[] indicated that he does not receive lists of the passengers departing on the clipper ships from []. However, in this connection, it will be possible for the New York Office to obtain these lists of passengers twenty-four hours in advance of the arrival of the clipper, through the operating agency. [] indicated that he would arrange with [] to advise him fully of any persons departing on the clipper as to which they had information of this character and wherein he, [] has not already been advised of such information. In connection with the passenger lists of the clipper ships, we will check these lists with [] in the same manner as the lists obtained as to steamships bringing passengers into ports of the United States. (S)

b7D

[] indicated as to both the clipper ships and the steamships stopping at Bermuda en route to the United States from Europe, and as concerns various persons detained, searched or questioned there, he will arrange to have [] cable him detailed information as to these individuals in order that if it is desirable, we can handle these persons in the usual manner, where they are suspects, upon arrival at the Port of New York. (S)

b7D

The information as above indicated to be obtained by [] at the points stated would also be obtained by him from any other control stations of [] and the information made available to us in the usual manner. As to any and all of these situations wherein the person is arriving at a port other than the Port of New York, we would then furnish this information to the Bureau office covering the port for the necessary action. The information, of course, would apply to both citizens of the United States and aliens, and would cover persons destined to the United States, as well as persons proceeding en route via the United States to some other point such as South America or Mexico. (S)

b7D

[] called attention to the fact that certain passenger carrying vessels departing from Spain and (S)

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August 14, 1941

Portugal carry passengers to South America. Some of these eventually may reach the United States. [] has in mind to develop the same information as to these individuals and forward to us a list of any suspected persons, in order that we might make a check of them if in the future they arrive in the United States. [] is not certain as to just how definite a setup he can arrange in South America to be advised as to when and if this type of individual might proceed to the United States from South America after arrival there, but he indicated that he is exploring the possibilities with the government in order that if possible, he might be advised if these suspected persons leave South America for the United States or if they leave from certain points in Africa for the United States. If he can arrange for this, he will have forwarded to his office by airmail, a report of the departures of these persons from Africa or South America in order that he may furnish us this information for a suitable check as necessary at the port of entry in the United States. (S)

b7D

As to this particular situation, it is possible we may be able to arrange at New York for advice as to the passengers being carried on the various American lines arriving at the Port of New York from South America, in order that we may check these lists against our various stop notices of various suspects and thereby arrange for a check of them on arrival in this port or any other port of the United States. This latter situation may represent considerably more in the way of a general setup in order to cover all of the various borders of the United States, particularly Mexico, as well as the other ports of entry other than New York City.

[] indicated that they apparently have a [] connected with his service, apparently operating under instructions of their chief representative in the United States, who is developing informants among the crews of the various ships coming into the United States. He indicates that the information from these informants will be available to him, and in the future he will arrange to furnish us with any information developed in this way at the earliest (S)

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August 14, 1941

possible date in order that we may take suitable action, particularly when this concerns another crew member who might be a courier. He indicated that he would endeavor to advise us of the ships upon which he has a coverage by an informant thereon, and in this connection we will of course try to develop additional informants along the same lines for our own purposes. (S)

When this information is made available to us by [] as he indicated he would do, it is believed that we will have a much closer check and more effective check of incoming passengers arriving in the United States. (S)

b7D

[] advised on August 11, 1941 that he had put into effect the above indicated plan of operation, as indicated by him, in order to obtain information and that the agreed information would be forthcoming at a later date in the near future. (S)

b7D

It is my understanding that apparently [] has consulted with [] and they undoubtedly are agreeable to his furnishing information to us. We will arrange to accept this information, of course, and in a spirit of cooperation furnish to [] from time to time such information as may come to our attention which we believe he is interested in and which, of course, in many instances will indicate to him particularly as to certain individuals that he should take no action inasmuch as we are covering the situation. (S)

b7D

Special Agent H. G. Foster will maintain close contact with [] as well as Supervisor E. F. Emrich in order that we may take advantage of the information they indicate will be available to us. As this develops the Bureau will be advised of the results which are being obtained collectively and of course individually as to the persons who are developed as suspects for investigation. (S)

b7D

Very truly yours,

E. J. Connelley
E. J. CONNELLEY,
Assistant Director

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3:04a

~~TOP SECRET~~

New York, N. Y.

September 10, 1941

MEMORANDUM FOR MR. COMPTON:

~~Classified by SP-1-83~~
~~Declassify on: OADR~~

At 4:15 P.M. on September 9th I saw the Area Controller at his office at his request.

He stated that there was a matter regarding some butterflies or butterfly trays which were coming up here from South America which he had been asked to check into by [redacted] in view of the apparent difficulty encountered by [redacted] in dealing with our office regarding the matter.

The story told me by the Area Controller in this regard is as follows:

[redacted] are supposed to have tipped us off about shipments of butterfly trays and ornaments from South America up here and the possibility that the butterflies contained some hidden messages or code communications; that some weeks ago we seized about four of these trays and after examining them reported that we could find no messages or other information of significance in connection with these butterflies.

[redacted] is supposed to have asked Special Agent Emrich for one or two of these trays so that [redacted] might examine them since they felt certain that some of these butterflies contained secret code messages but that Emrich refused to turn them over to them.

On September 9th Agent Foster of the National Defense Unit apparently accompanied by the Customs Agents seized seven or eight of these trays on the S.S. Brazil and that these are now in the Customs Appraisal Store in possession of the Customs. The Customs refused to give the Navy the trays upon the request of Lt. Reynolds, however, if Captain MacCall personally makes the request the Area Controller feels that he would probably receive the trays.

It also appears from the story that Agent Emrich is supposed to have called the Navy and expressed surprise that the Navy wanted to obtain these trays and asked if the Navy would release the trays to the FBI.

The Area Controller pointed out that he cannot see any reason why we don't give [redacted] several of the trays we have since they were the ones who asked us to look for them and if we can't find out anything of value as a result of our examinations, it may be that [redacted] can, which after all would be highly desirable since they certainly ought to be able to have a crack at it. He apparently has been appealed to by [redacted] to secure several of the trays for them and he feels that inasmuch as he, through the conference

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DATE OF REVIEW FOR

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~~TOP SECRET~~

1-7
3
4-89

Memorandum
September 10, 1944

of ONI, G-2 and FBI. is trying to secure the cooperation of [] in [] b7D
[] and is trying to obtain all of their foreign contacts
and contacts on vessels so that the [] might be set up
on American vessels through the American authorities, the least we could do
would be to let them have a few of these trays in order to keep their good will. (S) X

I informed the Area Controller that I knew nothing about the matter
personally but that I would look into the situation and advise him in the
premises on September 10th. He was very anxious to be able to get the trays
or definite advice in the premises by the morning of September 10th. (S) X

I talked to you about this situation on the night of September 9th and
you were going to advise me regarding the details so that I might handle the
matter with the Area Controller.

E. M. SACKETT
SAC.

B-3:72

New York City
September 10, 1941

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. CONNELLEY:

RE: BUTTERFLY TRAYS. (X)

Supplementing my memorandum to you earlier this morning regarding the conversation I had with the Area Controller yesterday afternoon, I called the Area Controller at 11 A.M. today and informed him that so far as we were concerned it would be perfectly all right for ONI to obtain the butterfly trays presently in possession of the Customs if the Customs, of course, wanted to turn them over to them; that if they did not desire to obtain all of these trays I would appreciate advice as to how many were left in order that we might consider obtaining possession of some of them ourselves later on. The Area Controller stated that he would be very glad to make some available to us, that is, giving us half and [] half. I told him that he might do as he chose in the premises; however, I would appreciate advice concerning how many were obtained from the Customs by ONI. He said that he would call tomorrow and give us the information. (X)

b7D

I specifically pointed out to him that with respect to the one butterfly tray we knew of in the past, we did not at any time obtain possession of or examine the butterfly or the tray itself; that our examination was made only of the paper backing up the butterfly. The Area Controller stated that he understood from [] that the butterflies themselves were so arranged as to give a coded message or contain coded messages. I, of course, again pointed out that we did not examine the butterfly itself on the previous occasion. (X)

b7D

I am enclosing sufficient copies of this memorandum as I did the previous one in the event you want to send copies to the Bureau with your letter if you are going to write the Bureau in the premises.

B. A. GAGNETT
S.A.C.

DECLASSIFIED BY 281 2221000
ON 9-1-83

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New York, N. Y.

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EFE:FKT

~~CONFIDENTIAL~~

September 10, 1941

MEMORANDUM FOR ASSISTANT DIRECTOR E. J. CONNELLEY:

Re: BUTTERFLY TRAYS

Reference is made to the memorandum of Special Agent in Charge E. SACKETT dated September 10, 1941, which reports the results of his interview with the Area Controller regarding the investigation relative to some butterfly trays which were being brought into the United States from South America by various crew members on Pan-American boats.

It is noted in this memorandum that a [redacted] of [redacted] is stated to have made inquiry of the writer for one or two of these trays so that [redacted] might examine them for some secret code messages, but that I was alleged to have refused to turn them over to them. In connection with this charge, I wish to state that I have never had any dealings with [redacted] nor have I met the gentleman or talked to him telephonically concerning this or any other matter. It might further be pointed out that the first time I was ever apprised of the fact that a [redacted] was employed by the [redacted] was on September 9, 1941 when instant disagreement arose. I further wish to state that at no time did any one at the [redacted] make any request of me to have butterfly trays turned over to them for examination. (A) (S)

b7D

It is also noted in this communication that Lt. REYNOLDS of the Navy has indicated I expressed great surprise when I understood that ONI wanted to obtain these trays, and that I asked if the Navy would release these trays to the FBI. With regard to this charge, I wish to state that I indicated absolutely no surprise during this telephone conversation with Lt. Reynolds as I had specifically called him in the premises to determine what action they were taking concerning the trays, which Special Agent H. G. FOSTER had advised me ONI had the Customs Authorities seize and send to the Appraisers Stores. During this conversation I did, however, advise Lt. Reynolds that we had been conducting an investigation relative to same for approximately three months and requested that he furnish to us any information which they might have concerning these trays, which might be of

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Excluded from automatic
downgrading and
declassification~~

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~~CONFIDENTIAL~~

assistance in our investigation. I also did ask him whether, in view of the fact that they had been sent to the Appraisers Stores by ONI, it would be possible for us to examine them and make any arrangements necessary to send them to the Bureau Laboratory for examination, if it would be possible to make these arrangements through the Customs. [Upon having made this inquiry, Lt. Reynolds mentioned to the writer that we probably had all the information that they had, inasmuch as [redacted] had furnished the information to them as well as to us. He further pointed out that it would be necessary for him to take it up with the [redacted] whom he later explained to be [redacted] before he would advise me whether these trays would be released to us. It may be mentioned that although this conversation took place on September 8, 1941 Lt. Reynolds has not called me back in the premises since that time.]

b7D

Respectfully submitted, ~~(S)~~

E. F. EMRICH
Special Agent

New York, New York

September 10, 1941

MEMORANDUM FOR ASSISTANT DIRECTOR E. J. CONNELLEY

Re: O. N. I. AND [REDACTED] (S)


This is to advise that [REDACTED] called at the office on the above date and advised the writer and Special Agent E. F. Hirsch that he had had considerable discussion with [REDACTED] of his office, and that he considered [REDACTED] activities in connection with his dealings with O. N. I. recently to have been amateurish and foolish and he felt that [REDACTED] had definitely done the wrong thing in not advising him of his arrangements and of the information relative to the butterfly trays, especially in view of the fact that he, [REDACTED] had discussed this with the writer on a previous occasion, at which time he requested the writer to secure some trays for examination by a [REDACTED] on code, etc., in [REDACTED]. He was advised at that time that when he furnished definite information relative to who might be carrying the trays and other information, this would be acted upon, but that he would have to discuss the actual securing of the trays with someone in authority at the New York Office. (S)

[REDACTED] stated that so far as he had been able to determine, the difficulty relative to their working with O. N. I. in securing the trays was due to the fact that the Director (the person in charge of all [REDACTED] activities in the Western Hemisphere) had been informed by Mr. DONOVAN, the United States coordinator of information, that all matters relative to nautical activities in the possession of the [REDACTED] should be furnished to Naval Intelligence. The Director had informed [REDACTED] of this on instructions from Mr. DONOVAN and had got in touch with Naval Intelligence on the matter of the butterfly trays being brought in by the crew men of the S. S. Brazil, the above being [REDACTED] explanation for his failure to acquaint us with the facts on the butterfly trays. (S)

[REDACTED] advised that he did not desire to divulge the name of his Director, but he did advise that the [REDACTED] subject of previous memorandums, is also to be [REDACTED] in this district. [REDACTED] advised further that in the future, due to the present mix-up, [REDACTED] who is in charge of all information on passengers and crew members, would be the contact man for the writer in securing information in accordance with the agreement previously set out in memorandum form. (S)

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 stated that he would also like to have a statement clearing up the question of jurisdiction between the G. H. I. and the Federal Bureau of Investigation, so that there would be no recurrence of the difficulties experienced in the last day or two.

~~(S)~~

Respectfully submitted,

WALTER G. FOSTER,
Special Agent



Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

~~CONFIDENTIAL~~

October 30, 1941

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HEREIN IS UNCLASSIFIED
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OTHERWISE

TDB:MJ

MEMORANDUM FOR MR. TRACY

Re: [REDACTED] (S)

[REDACTED] who has been
working [REDACTED] and now loaned to [REDACTED]
[REDACTED] in New York has been here the past
several days studying codes and ciphers and attempting to
work out a better exchange of information. [REDACTED] has
requested to say "Hello" to the Director before departing.
He will leave sometime this afternoon or tomorrow morning.
He cannot state the exact time as yet. (S)

Respectfully,

E. P. Coffey
E. P. Coffey

Mr. Tolson ✓
Mr. E. A. Tamm
Mr. Clegg
Mr. Foxworth
Mr. Glavin
Mr. Ladd
Mr. Nichols
Mr. Rosen
Mr. Carson
Mr. Drayton
Mr. Quinn Tamm
Mr. Hendon
Mr. Coffey ✓
Mr. Harbo
Tele. Room
Tour Room
Mr. Nease
Mr. Tracy ✓
Miss Gandy
Miss Gandy

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9-1-83

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EXTENDED BY SP-5/SK/000
REASON FOR EXTENSION
FCIM, II, 1-2.4.2
DATE OF REVIEW FOR
DECLASSIFICATION 6-4-89

~~SECRET~~ (S)

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62-64175-3
FEDERAL BUREAU OF INVESTIGATION
8 NOV 12 1941
U. S. DEPARTMENT OF JUSTICE
TOLSON LAB. TRACY

1 Bureau of Investigation
United States Department of Justice
New York, New York

Mr. Tolson	_____
Mr. E. A. Tamm	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Carson	_____
Mr. Egan	_____
Mr. Gurnea	_____
Mr. Harbo	_____
Mr. Hendon	_____
Mr. Jones	_____
Mr. Mumford	_____
Mr. Quinn	_____
Mr. Nease	_____
Miss Gandy	_____

September 21, 1941

HGF:LR

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PERSONAL AND
CONFIDENTIAL

Director
Federal Bureau of Investigation
Washington, D. C.

Re: ONT

Dear Sir:

Reference is made to my letter to the Bureau dated August 14, 1941, entitled COORDINATION OF INFORMATION AS BETWEEN THE NEW YORK OFFICE AND [redacted] NEW YORK CITY, which sets out a plan whereby [redacted] in the person of [redacted] is to supply this office with any information secured by [redacted] indicating any activity inimical to the internal security of the United States.

On page 6 of this letter mention is made of a [redacted] who, [redacted] indicated, is apparently operating under instructions of their chief representative in the United States. [redacted] indicated that [redacted] is apparently developing informants among the crews of the various ships coming in the United States and [redacted] stated that the information coming from these informants will be available to him and that he would arrange to furnish us with any information developed in this way at the earliest possible date in order that we may take suitable action, particularly when this concerns another crew member who might be a courier.

The following information relative to the so-called [redacted] was developed by Special Agent H. G. FOSTER and is being included as further background regarding [redacted] activities.

One [redacted] whom Special Agent Foster was attempting to develop as a confidential informant, advised on July 17, 1941 that a man who identified himself as [redacted] contacted him on board ship and stated that he was [redacted] This [redacted] told [redacted] that he [redacted] had been recommended by [redacted] as being a good contact for him. This [redacted] requested [redacted] to give him any information which might indicate that any of the crew was engaging in subversive activities. He desired to know if there was any censorship of messages sent by members of the crew, particularly of the type where a crew member would send a

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6-4-77
9/24/41
9/25/41
DECLASSIFICATION 6-4-89
REASON FOR EXTENSION
FCIM, II, 1-2.4.2
DATE OF REVIEW FOR
DECLASSIFICATION

HGF:LR

Director

September 21, 1941

~~CONFIDENTIAL~~

~~SECRET~~

Happy Birthday message after a British freighter had been sighted. (S)

This [] also asked [] to accept any packages offered to him to be brought to the United States and in the event any such packages were offered to him that they be brought into the United States and turned over to [] also requested [] to turn over any information solely to him and not to the F. B. I. or anyone else as any information of interest to any of the United States organizations would be turned over to the proper United States authorities later. (S) (S)

b7D

[] advised that he could be reached by telephoning []

[] A check of the above telephone number with the telephone company developed the information that [] was a special non-published line but that it was registered in the name of [] It was noted that [] has a published phone [] and his business is given as hotel promotion. (S) (S)

b7D

[] New York City, advised that [] is unknown to him and is also unknown to the city Hotel Association and that this association knows everyone actually identified with the hotel business. The above information was secured in a discreet manner from [] (S)

b7D

It has also come to the attention of Special Agent H. G. FOSTER that a [] giving the name of [] has also made contacts for information, with the following individuals who advised Special Agent FOSTER of this fact: (S)

b7D

[] (S)

b7D

and also some individuals of the Moore-McCormack Lines.

The Bureau's attention is also called to letter dated August 23, 1941, directed to the Bureau by Special Agent in Charge B. E. SACKETT, reporting on the weekly conference of August 22, 1941, of ONI, G2 and FBI. For clarity, the pertinent portions of this letter are being included herein:

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HGF:LR

Director

~~CONFIDENTIAL~~

September 21, 1941

~~SECRET~~

"The Area Controller (Commander VINCENT ASTOR) advised that he, Captain MacFall of ONI, Colonel Sharp of Military Intelligence, Foreign Intelligence Division, and an aide of Colonel Sharp's, had conferred with [redacted]

[redacted] the Monday before the meeting, concerning operations of [redacted]

[redacted] Mr. Astor stated that he was not prepared to discuss this matter in detail at this particular conference, but he was going to have a further conference with [redacted] at which would be present Captain MacFall, on the afternoon of August 22nd, in order to get all further details. He at that time determined that [redacted] claims the plans of [redacted] had the approval of Washington officials in principle. MacFall at that conference pointed out that [redacted] should not contact or make contacts of people on American vessels in this country without the specific knowledge and approval of the American authorities, and that this was his objection to the operations of [redacted] in this regard.

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"Mr. Astor stated that after he secures all of the facts from [redacted] concerning the scope and operations of [redacted] he is going to confer at Washington with General Miles and Captain Kirk for the purpose of seeing whether these gentlemen approve of the arrangements perfected. [redacted] pointed out to Mr. Astor that the FBI also had an interest in the matter, inasmuch as we were interested in the detection of saboteurs and espionage agents and such a service might conflict with our activities.

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"You will note that Astor is leaving us out, both here and in Washington, in his conference with [redacted] and with the Interdepartmental Committee concerning the plans and activities of [redacted]."

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On August 5, 1941, Special Agent H. G. FOSTER while conferring with [redacted] a registered agent for [redacted] who is in charge of investigation relative to [redacted] in the western hemisphere and of commercial and financial investigation, mentioned the matter of [redacted] activities and told [redacted] that this office should be informed of the activities of the so-called [redacted] [redacted] stated that he was not aware of [redacted] activities but did know that [redacted] was operating with the approval of the United States authorities in Washington, D. C. [redacted] referred Special Agent FOSTER to [redacted] and the results of Special Agent FOSTER's contact with [redacted] are set out in my reference letter of August 14, 1941.

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On July 28, 1941, [] advised Supervisor E. F. EMRICH of this office that one OTTO VOIGHT was suspected of carrying concealed messages behind butterfly trays obtained in South America. He further indicated that OTTO VOIGHT was a crew member on the S. S. Brazil due to dock on that date. As a result of this information, three butterfly trays in the possession of OTTO VOIGHT were examined by Special Agent SAM L. DEVINE, and German newspaper clippings found in these trays were removed and forwarded by letter dated September 2, 1941, to the Bureau for examination. The above information was furnished to the Bureau in the case entitled OTTO VOIGHT - INTERNAL SECURITY (G), New York File No. 100-13662, in the report of Special Agent SAM L. DEVINE dated at New York City, 9/2/41. (A)(S)

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On September 3, 1941, [] advised Special Agent H. G. FOSTER that he had some information that butterfly trays were being brought into the United States by crew members of certain ships running between South American and the United States. He stated that these trays were being obtained, according to his information, from a particular source in South American and that it was possible that these trays might contain concealed messages. It was his desire that some of these trays be obtained and turned over to him to be forwarded to [] by bomber planes for examination in []. He stated that the person in [] who had originally discovered the possibilities of transmission of messages in butterfly trays felt that these messages might be transmitted by means of the design of the tray and it would be necessary for him to personally examine the trays to determine if such messages were being sent. (A)(S)

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[] was advised that when he secured definite information as to where the trays were coming from and what individuals were bringing the trays into the United States, steps might be taken for the seizure of some of these trays so that they might be examined by the Bureau in Washington, D. C. He was further advised that it might be possible to turn over one or two of these trays after examination in the Bureau's laboratory, so that they could be forwarded to []. However, he was informed that the turning over of these trays was a matter that would have to be discussed further with the Special Agent in Charge of the New York Field Division. (A)(S)

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On September 8, 1941, Special Agent H. G. FOSTER, while aboard the S. S. Brazil on other matters, noticed that Mr. FARRELL and Mr. WHITNEY of ONI also boarded that ship at quarantine with Inspector GUILFOYLE of the Enforcement Division of the United States Customs Service. As soon as the business on which Agent FOSTER boarded the Brazil was handled, he contacted Inspector

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GUILFOYLE and ascertained that at the request of Messrs. FARRELL and WHITNEY, Inspector GUILFOYLE had taken butterfly trays from the following individuals:

F. CORCORAN	(Junior Nurse)	one tray; one ash tray.
M. KROHN	(Bartender)	one tray.
J. PELENEYER	(Stewardess)	one tray.
J. WEBER	(Veranda Cafe Steward)	one tray; 4 pictures.
F. KOHL	(Chief Bedroom Steward)	one tray.
B. FIENBERG	(Waiter)	one tray
H. OTTO	(Sous-chef)	one butterfly plate.
H. MEYER	(Cook)	one tray.
F. KOENER	(Baker)	two pictures; two fruit boards.
L. FREHLANGER	(Utility)	one tray.

At this time Inspector GUILFOYLE was contacted in Stateroom 35, which was being used as an office by the men of the Enforcement Division.

During the conversation with Inspector GUILFOYLE, Messrs. FARRELL and WHITNEY, with a third man, entered the state-room in question. [In view of the fact that this office was interested in butterfly trays and had previously caused a seizure and examination of one of them on the same boat, and further, due to the fact that [redacted] had mentioned to Special Agent H. G. FOSTER the possibility of seizing some trays for examination, Special Agent FOSTER asked Messrs. FARRELL and WHITNEY what they intended doing with the trays. At the same time he asked them to identify the third individual with them, and Mr. FARRELL stated that he was [redacted] of his office"

Mr. FARRELL and Mr. WHITNEY seemed somewhat puzzled as to the examination to be made of the trays and as they appeared about to attempt to take apart some of the trays for examination, Agent FOSTER advised against this procedure stating that he felt that they should be examined by competent technicians. They agreed with Agent on this score although they did take the back off one of the trays without finding anything worthy of note. [At about this time, Mr. FARRELL called Agent FOSTER aside and stated that the third man with him was not from his office. At that time Agent FOSTER said "I presume he is [redacted] and Mr. FARRELL indicated

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[That this statement was correct. It should also be noted that the so-called [] had given FARRELL the names of SEIFERT, UHLMAN and VOIGHT, all three of whom are the subjects of some investigation by this office, although none of the above mentioned three had any trays on this trip.] (S)

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In addition, [H. NOTO], from whom a plate was taken, is also the subject of investigation by this office. All of the trays seized were trays purchased from the Atelier Elizabeth R. D. Gerardo, No. 44, Rio de Janeiro, apparently the owner of which is the person suspected by [] (S)

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[Agent advised Mr. FARRELL that this office had been working on a case involving these butterfly trays and further advised FARRELL that he felt the examinations of these trays should be conducted at the Laboratory of the Bureau.] Mr. FARRELL indicated that inasmuch as they were to be taken off the ship, he personally considered that his office would probably turn the matter over to us as it would no longer be a matter concerning ships. He stated that as soon as he returned to his office he would have his superior, Mr. REYNOLDS, telephone Supervisor E. F. EMRICH and discuss the matter with him. At this point, it was agreed at Agent's suggestion, that the trays be forwarded by the Customs at the request of Mr. FARRELL, to the Appraiser's stores, 201 Varick Street, for further examination. (S)

After leaving the S. S. Brazil, Agent FOSTER contacted [] and during the course of other business with him, asked if he had any more information relative to the butterfly trays which he had previously furnished this Agent. [] stated that he did not. He was then asked if he was aware of the fact that a [] had apparently made some arrangements with Naval Intelligence to secure some trays on this boat. [] appeared to be considerably perturbed and started out of his office to find a [] whom he inadvertently mentioned was actually [] was stopped and requested that nothing further be said about the matter as Agent FOSTER desired to discuss with him and [] the activities of the so-called [] both in instant matter and previous matters of [] (S)

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[] was informed that [] has been making promiscuous contacts on the waterfront and that this office should be apprised of the scope and extent of [] activities before [] did something to endanger investigation being conducted by this office. As has been stated, [] was considerably perturbed over this matter and agreed that it should be discussed in greater detail. (S)

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It should be noted that Agent FOSTER has previously met [] and [] was not identical with the gentleman introduced by Mr. FARRELL as [] of his office", although the so-called [] apparently also goes by the name of [] in making his contacts. It was subsequently ascertained that [] apparently has several men working under him and that they use the name of []

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At approximately 4:30 P.M., there having been no telephone call received from Lieutenant REYNOLDS of the Navy relative to this matter, Special Agent E. F. EMRICH telephonically communicated with him, making inquiry of him concerning the butterfly trays which were seized by the Customs authorities at the request of ONI. At the time of this conversation, Lieutenant REYNOLDS indicated that their original information had been received through [] and that it was their intention of having Customs take these so that an appropriate examination thereof could be made by the F.B.I. or any other governmental agency. He was advised that this division had previously received information concerning butterfly trays which were being brought into this country by crew members from South America. Our information likewise having been received from [] It was requested of him that in view of our present investigation that he furnish us any additional information which they might have in the files of Naval Intelligence so that this information might be available to assist in our investigation.

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At the time of the conversation, Lieutenant REYNOLDS indicated that [] had made a request of them to have one or more of these trays sent directly [] where they might be examined by someone who was familiar with the sending of secret messages through this medium. A direct inquiry was thereupon made of Lieutenant REYNOLDS as to whether it was their intention to obtain these trays from the Appraiser's Store where they had been sent by Customs or whether they were going to effect arrangements so that Customs would make these trays available for this division so that arrangements could be made for appropriate examination of same to determine whether they might contain secret messages. At this point, Lieutenant REYNOLDS stated that it would be necessary for him to refer the matter to the "A", who, he later explained was the Area Coordinator, and that he would communicate with Agent EMRICH on the following day. It might be mentioned here that as of September

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10, 1941, Lieutenant REYNOLDS has not contacted Agent EMRICH or this Division.

Assistant Collector of Customs GREGORY W. O'KEEFE was contacted relative to this matter and he advised that arrangements had been made by Mr. FARRELL of ONI to have an Inspector accompany him on board the S. S. Brazil for the purpose of examining certain trays being brought in by crew members of the S. S. Brazil. Mr. O'KEEFE stated further that the material taken by the Customs Inspectors had been forwarded to the Appraiser's Stores on request of the Naval Intelligence.

Mr. N. LOUGHLIN, who is in charge of the baggage warehouse at the Appraiser's Stores, advised that this material was forwarded to the Appraiser's Stores by the Enforcement Division and that there was no indication as to why it was forwarded or on whose request. He stated further that in the event the owners called for them with the proper release from the Customs authorities, they would be released by him.

It was further ascertained that no arrangements had been made with Mr. LOUGHRY, who has charge of the releasing of similar material, to prevent the release of the butterfly trays to the persons from whom they were taken. Mr. LOUGHRY stated, however, that a person named KROHN, who owned one of the trays, had called at his office for a release and that after they checked with the Enforcement Division had found that they were sent up for a particular purpose, and due to this fact the tray or trays belonging to KROHN had not been released.

Mr. LOUGHRY explained that the tray had not been released to KROHN because he had become suspicious due to the fact that such trays were not ordinarily seized in such numbers and never when manifested as these were, and had called the Enforcement Division to discover why they had been seized.

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On September 10, 1941, Special Agent in Charge B. E. Sackett submitted two memorandums relative to his conversation with the Area Controller. Copies of these memorandums are being enclosed herewith. They are being designated #1 and #2 in their chronological order for the purpose of clarity.

With reference to the allegations made in the above mentioned memorandums a memorandum of Special Agent E. F. Emrich dated September 10, 1941, is also transmitted herewith. This is marked #3.

By memorandum dated September 11, 1941, Special Agent in Charge B. E. Sackett advised me that at 10:45 am. on September 11, 1941, the Area Controller called him and advised "that they had ascertained that the trays are being held by the Customs for appraisal purposes and of course must be returned to their owners; that he made arrangements for [] to obtain several of these trays which they did obtain yesterday for examination purposes and while he has not received any report from [] he does not think they have found anything yet. [] will have to return these trays to the Customs in the very near future, since they cannot hold them very long. The Area Controller said that there are plenty of trays left, some of them very large ones, and there appear to be at least a dozen in number. He stated that in the event we wanted to obtain any trays we could undoubtedly do so by contacting the Customs directly. I informed him if we wanted to obtain the trays we would handle the matter ourselves with the Customs.

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" At about 11:40 AM the Area Controller called me on the telephone, stating he could not talk much since he was on the switchboard and asked me that in the event we contacted the Customs about obtaining the trays "we should please not mention [] being in on it." I told him I understood what he means, that is should not mention about the activities of [] in this case. He stated that was what he meant; that while he had plenty of authority to act in

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"this case from the 'great white father', he did not want it known that he had taken the action that he had with [redacted] He stated that the Navy had been asked not to disclose this fact. "

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On September 10, 1941, [redacted] called on Special Agents E. F. Enrich and H. G. Foster. A memorandum of the conversation which took place at this time was prepared by Special Agent Foster and is also being enclosed herewith. This memorandum is marked #4. It is to be noted in this memorandum that [redacted] when advising of the instructions issued by [redacted] did so off the record. In the third paragraph of instant memorandum Special Agent Foster makes reference to an agreement previously set out in memorandum form as to information to be supplied by [redacted] This is set forth in my reference letter dated August 14, 1941. (S)

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On September 18, 1941. Special Agent Foster contacted [redacted] and [redacted] it has been ascertained, are in charge of the handling of [redacted] waterfront contacts. They refer to the informants developed by them as "friends". At this conference they advised, off the record, that they had received instructions from Washington that all information they developed through their contacts on the waterfront and relative to marine matters, should be turned over to O.N.I. This is in accordance with the statement made by [redacted] that [redacted] had ordered his director to turn over all such information developed by [redacted] to the O.N.I. This is set out in memorandum #4, herewith transmitted. (S)

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[redacted] and [redacted] were advised by Agent Foster that in order to properly correlate information all such information should also be furnished to this office. They stated they had received no instructions not to furnish it to us so would give us copies of everything furnished to O.N.I. They desired to know the extent of our jurisdiction so that they would not be caught in any departmental strafe between O.N.I. and our office. They were advised by Agent Foster that there was no such strafe but that the Federal Bureau of Investigation was charged with the investigation of (S)

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espionage, sabotage and related matters where it did not involve military or naval personnel. They agreed that the men operating out of [] and [] office developing "friends" should be known to this office and arrangements are being made to accomplish this end. (S)

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For your information, since the occurrences mentioned herein, [] and [] have made every effort to furnish this office with information and in fact have furnished three advance passenger lists and a considerable number of short memoranda relative to passengers coming and passengers contemplating coming to the United States. (S)

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On September 19, 1941, Special Agent Foster through the assistance of Assistant Collector of Customs GREGORY W. O'KEEFE secured the butterfly trays which O.N.I. returned to Customs. These trays will be forwarded to the Bureau for appropriate examination in the Technical Laboratory immediately.

Very truly yours,

E. J. Connelley
E. J. CONNELLEY,
Assistant Director

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